
DIGEST

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Leger

HB No. 283

Abstract: Extends authority to grant tax credits for state-certified musical or theatrical facility infrastructure projects from Jan. 1, 2014, to Jan. 1, 2022, and expands the definitions of "musical or theatrical production", "state-certified musical or theatrical production" and "state-certified infrastructure project", "expenditures in the state", and "production expenditures".

Present law authorizes income tax credits for state-certified musical or theatrical productions and state-certified infrastructure projects. Further provides that, until Jan. 1, 2014, a base investment credit may be granted for certified, verified, and approved expenditures in the state for the construction, repair, or renovation of a state-certified infrastructure project, or for investments made by a company in such infrastructure projects, not to exceed \$10 million per project. Present law limits the annual amount of credits issued for infrastructure projects to \$60 million. Requires that credits be granted on a first-come, first-served basis and if the total amount of credits applied for in a year exceeds the aggregate amount of tax credits allowed for that year, the excess shall be treated as having been applied for on the first day of the subsequent year.

Proposed law extends the date for approval of tax credits from Jan. 1, 2014, to Jan. 1, 2022, and further provides that in addition to issuing credits for the construction, repair, or renovation of state-certified infrastructure projects, credits shall also be issued for the creation, development, and acquisition of state-certified infrastructure projects.

Proposed law provides that if 25% of the total base investment provided for in the initial certification of a state-certified infrastructure project has been expended prior to Jan. 1, 2022, then the project shall continue to earn base investment credits as funds are expended until such time as all of the funds provided for in the initial certification have been expended.

Present law requires construction of the infrastructure project to begin within six months of the initial certification of the project and that 25% of the total base investment in the initial certification be certified, verified, and approved as expended before any credits are earned. Further provides that credits are not earned until expenditures are certified.

Proposed law changes present law to require that construction, creation, development, or acquisition of the project begin within six months of initial certification and to provide that no credits shall be issued until 25% of the total base investment in the initial certification of an infrastructure project has been expended. Deletes provision that credits are not earned until

expenditures are certified.

Present law provides that the initial certification may require the tax credits to be taken or transferred in the tax period in which the credit is earned or the tax credits may be structured in the initial certification of the project to provide that only a portion of the tax credit be taken over the course of two or more tax years.

Proposed law deletes present law.

Present law provides for an additional tax credit of 10% of payroll expended for La. residents employed in connection with a state-certified musical or theatrical production, excluding payroll for certain students, or the construction of a state-certified infrastructure project; however, the additional credit shall not include any amount paid to any one person that exceeds \$1 million.

Proposed law retains present law but extends the additional tax credit to payroll for La. residents employed for the creation, development, or acquisition of state-certified infrastructure projects.

Present law defines "expended in the state" as an expenditure to acquire or lease immovable property located in the state, an expenditure to acquire movable property from a source within the state subject to state sales and use tax, or an expenditure as compensation for services performed within the state subject to state income tax.

Proposed law retains present law but adds that a transaction that is subject to state sales and use tax shall include transactions which are also subject to a statutory exclusion or exemption.

Present law defines a "musical or theatrical production" as the producing, rehearsing, marketing, administration, recording, performing, and/or filming of a live musical or theatrical performance in the state before live audiences, whether or not there is a charge for admission. Such performances include drama, comedy, comedy revue, opera, ballet, jazz, cabaret, and variety entertainment.

Proposed law removes the requirement that such performance be in this state and expands the definition of "musical or theatrical production" to include the servicing of a musical or theatrical performance before a live audience. Also includes concerts, multistate and multinational concert tours to the performances that qualify as "musical or theatrical productions".

Present law defines "production expenditures" as a contemporaneous exchange of cash or cash equivalent for goods or services related to development, production, or operating expenditures in this state for a state-certified musical or theatrical production.

Proposed law retains present law but adds transportation and finance to the list of expenditures which qualify as "production expenditures". Further adds provisions for determining the portion of an artist or performer's compensation which constitutes production expenditures and provisions for the determination of the proportion of the guaranteed compensation that constitutes a qualifying production expenditure.

Present law defines a "state-certified infrastructure project" as a capital infrastructure project in the state directly related to the production or performance of musical or theatrical productions and related property and equipment, any facility which supports and is a necessary component of such facility, and any certified expenditures in the state related to the construction, repair, or renovation of such project.

Proposed law retains present law but expands the definition to include the servicing of musical or theatrical productions. Further provides that a state-certified infrastructure project shall include the creation, development, or acquisition of vendor operations designed to service musical or theatrical productions, regardless if such productions are in-state, multistate, or multinational productions, from a base of operations within La.

Present law defines a "state-certified musical or theatrical production" as a musical or theatrical production, or a series of productions occurring over a 12-month period, and the recording or filming of such production, which originate, are developed, or have their initial public performance before an audience within La., or which debut within La., and the production expenditures, payroll expenditures for residents, transportation expenditures, and expenditures for employing college and vocational-technical students related to such production or productions.

Proposed law retains present law but expands the definition of "state-certified musical or theatrical production" to include concerts and multistate and multinational concert tours.

Present law requires the secretary of the Dept. of Economic Development (DED) to determine which musical or theatrical productions and which infrastructure projects shall be certified pursuant to the provisions of present law.

Proposed law retains present law but adds to the list of factors the department should consider when determining which productions and infrastructure projects are certified the contribution of the production or infrastructure project in establishing the state as a central base of vendor operations for the industry.

Present law requires a tax credit applicant to submit an application for initial certification to DED that includes the estimated dates for start and completion of rehearsals before paid performances and the estimated dates of performances in the state.

Proposed law retains present law but requires the application to include estimated start and completion of rehearsals before paid performances and performance dates outside of the state.

Effective on Jan. 1, 2014, and applicable to tax years beginning on and after that date.

(Amends R.S. 47:6034(A), (B)(3), (5), (7)(a), (9) and (10)(a), (C)(1)(intro.para.), (a), and (d), and (E)(1)(c)(i) and (2)(a)(i)(ff))